

## Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 SS-15 SSO-00 NSCE-00 NSC-05 CIAE-00

PM-04 INR-07 L-03 ACDA-07 NSAE-00 PA-01 PRS-01 SP-02

USIA-06 TRSE-00 SAJ-01 SAM-01 INRE-00 /066 R

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EUR/RPM:VLEHOVICH (DRAFT)

OSD/ISA:CTLLOYD (DRAFT)

PM:SGEIS (SUBSTANCE)

----- 120603

O 032031Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY LISBON IMMEDIATE

INFO AMEMBASSY BONN IMMEDIATE

USMISSION NATO IMMEDIATE

CINCEUR

USNMR

CINCLANT

CNO

C O N F I D E N T I A L STATE 192026

E.O. 11652:GDS

TAGS: MAPR, PO

SUBJECT: PORTUGUESE FORCE MODERNIZATION: THE NAVY (U)

REFS: A. LISBON 4590 B. USMISSION NATO 3922

C. LISBON 2893 D. USCINCEUR 191146Z JUL 76

1. REFTEL A REQUESTED COMMENT ON THREE RECOMMENDATIONS  
CONCERNING PROBLEMS ASSOCIATED WITH THE PORTUGUESE NAVY  
AND THE FORCE MODERNIZATION PROGRAM.

2. THE TOTAL COST OF THE ARMED FORCES MODERNIZATION  
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PROGRAM (ARMY, NAVY AND AIR FORCE) IS LIKELY TO BE IN

EXCESS OF \$1.5 BILLION WITH THE BULK OF THIS AMOUNT NECESSARY TO MEET NAVAL FORCE MODERNIZATION PLANS. WE CONCUR WITH REF D, PARAGRAPH 3 THAT NATO ALLIES ARE LIKELY TO VIEW ASSISTANCE TO THE PORTUGUESE NAVY WITH EXTREME CAUTION. EXPERIENCE TO DATE WITH FAR MORE MODEST NEEDS OF THE ARMY BRIGADE ILLUSTRATES THE PROBLEM. EVEN A NEW AZORES BASE AGREEMENT IS UNLIKELY TO MAKE AVAILABLE MORE THAN A SMALL FRACTION OF THE \$1.5 BILLION NEEDED.

IN DISCUSSIONS WITH PORTUGUESE OFFICIALS, CIVILIAN AND MILITARY, ADDRESSEES SHOULD BEAR IN MIND THE FUNDING DIFFICULTIES FOR THE US OF A PROGRAM OF THIS SIZE AND SHOULD TAKE CARE NOT TO GIVE INADVERTENTLY THE IMPRESSION THAT US AND/OR ALLIED ASSISTANCE TO PORTUGAL WILL PROVIDE THE BULK OF THEIR NAVY-RELATED FINANCING NEEDS, OR THAT US OR OTHER ALLIES SHOULD BE COUNTED ON FOR ANY EARLY ASSISTANCE TO THE NAVY.

3. FOLLOWING COMMENTS KEYED TO PARA ELEVEN, REFTEL A:

A. WE AGREE THAT HE SHOULD UNDERTAKE A REALISTIC DIALOGUE ON THE ROLE, NEEDS, AND PROSPECTS FOR MODERNIZATION OF THE PORTUGUESE NAVY. ALTHOUGH A CERTAIN AMOUNT OF BILATERAL AND SERVICE TO SERVICE INTERCHANGE IS INEVITABLE, IT WOULD APPEAR DESIRABLE THAT THIS DIALOGUE BE CONDUCTED PREDOMINATELY THRU MECHANISM OF NATO MAJOR COMMANDERS (NMCS) AND THE DPC AD HOC COMMITTEE FOR ASSISTANCE TO PORTUGAL. IN THIS WAY THE NATO CHARACTER OF THE MODERNIZATION PROGRAM WILL BE MAINTAINED, AND HOPEFULLY, THE PORTUGUESE INPUTS WILL REFLECT NATIONAL POSITIONS RATHER THAN THE VIEWS OF A SINGLE SERVICE. WE ARE PLEASED WITH REFTEL B REPORT THAT AN EARLY AGENDA ITEM OF THE AD HOC COMMITTEE WILL BE TO NOTE THAT NMCS ARE REVIEWING PN NEEDS, AS WELL AS RECEIVING PRESENTATION OF SACEUR'S MODERNIZATION CONCEPT. THE SACLANT FORCE PLANNING CONSULTATIONS OF 14-15 JULY SUPPORT THIS APPROACH, AND WE EXPECT FURTHER MULTILATERAL CONSULTATIONS RESULTING FROM THOSE MEETINGS. REGARDING A USN SURVEY IN SEPTEMBER, IT IS ASSUMED THAT THE REASONS FOR SEEKING FRG PARTICIPATION IN THE CURRENT SURVEY OF PORTUGUESE ARMY NEEDS OBTAIN IN THIS CASE AS CONFIDENTIAL

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WELL. WE RECOMMEND AMEMBASSY LISBON ENCOURAGE PORTUGUESE TO TAKE APPROPRIATE INITIATIVES TO LEND A MULTINATIONAL CHARACTER TO THE NAVY TEAM ALSO.

B. AS INDICATED IN PARA 1A ABOVE, WE EXPECT SACLANT WILL ADDRESS THE ISSUE OF THE NATO ROLE AND STRUCTURE OF THE PORTUGUESE NAVY AND MAKE APPROPRIATE RECOMMENDATIONS THROUGH THE NATO FORCE PLANNING PROCESS. WE AGREE THAT

THE RECOMMENDATIONS SHOULD BE REALISTIC IN TERMS OF WHAT PORTUGAL CAN SUSTAIN AND WHAT THE ALLIANCE WOULD BE WILLING TO HELP FINANCE.

4. IN CONSIDERING THE NEEDS OF THE PORTUGUESE NAVY AND THE POSSIBILITIES FOR ASSISTANCE, WE WOULD UNDERSCORE THE FOLLOWING POINTS:

A. THE MODERNIZATION PROGRAM, WHILE A US INITIATIVE, WAS DESIGNED TO BE AN ALLIANCE EFFORT.

B. THE BRIGADE WAS SELECTED AS AN APPROPRIATE STRUCTURE FOR ASSISTANCE BECAUSE IT WOULD ACCOMPLISH OUR OBJECTIVES OF PORTUGAL MAKING A REAL CONTRIBUTION TO NATO, IMPROVING PORTUGUESE INTERNAL SECURITY, AND CONTRIBUTING TO POLITICAL STABILITY WITH MINIMUM ESSENTIAL TECHNOLOGY, CAPITAL INVESTMENT AND OPERATING COSTS.

C. ASSISTANCE TO THE PORTUGUESE NAVY SHOULD BE CONSISTENT WITH THE SAME OBJECTIVES AND CRITERIA. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY TRAINING, MILITARY BUDGET, MILITARY POLICIES, FORCE & TROOP LEVELS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 AUG 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE192026  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** J. ANNUNZIATA EUR/WE:WPKELLY  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760299-0353  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1976/newtext/t19760890/aaaadbsd.tel  
**Line Count:** 135  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 LISBON 4590, 76 LISBON 2893  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 27 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <27 APR 2004 by buchant0>; APPROVED <23 AUG 2004 by ShawDG>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PORTUGUESE FORCE MODERNIZATION: THE NAVY (U)  
**TAGS:** MARR, MPOL, PO  
**To:** LISBON  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006